

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

EASTERN IOWA REGIONAL  
HOUSING AUTHORITY  
DUBUQUE, IOWA

June 30, 2009

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the accompanying proprietary funds statement of net assets of the Eastern Iowa Regional Housing Authority, as of June 30, 2009, and the related proprietary funds statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Iowa Regional Housing Authority as of June 30, 2009, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated October 16, 2009, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information, including the Schedule of Expenditures of Federal Awards, required by the United States Office of Management and Budget (OMB) Circular A-133, and the Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

*Tootuel + Temp, S.C.*

October 16, 2009

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

This section of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2009. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

### **FINANCIAL HIGHLIGHTS**

- The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2009 were \$6,474,279. The net assets decreased by \$391,448, a decrease of 5.7% from the prior year.
- The Authority had a net decrease of \$265,667 in the Low Rent Public Housing and Capital Fund Programs, \$144,327 net decrease in the Section 8 Housing Choice Voucher Program, \$4,161 net decrease in the Rural Rental Housing Loans Program, and a \$22,707 net increase in Component Units (Eastern Iowa Regional Housing Corporation - EIRHC).
- Revenues for the Authority were \$4,780,005 for the year ended June 30, 2009. This was a decrease of \$150,885 or 3.1% from the prior year.
- Expenses for the Authority were \$5,167,081 for the year ended June 30, 2009. This was an increase of \$219,441 or 4.4% over the prior year.
- Rental revenue for the Authority was \$360,031 for the year ended June 30, 2009, an increase of \$10,332 or 3.0% over the prior year. Intergovernmental revenue for the Authority was \$4,185,441 for the year ended June 30, 2009, a decrease of \$268,226 or 6.0% from the prior year. Revenue reported from HUD capital grants for the year ended June 30, 2009 was \$141,331, an increase of \$106,098 or 301.1% over the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

*Required Financial Statements*

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

*Supplemental Information*

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required By HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2009 and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$6,474,279 at the close of the year ended June 30, 2009 down from \$6,865,727 in fiscal year 2008. The decrease in net assets of \$391,448 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, prepaid expenses, and assets held for sale. Of the \$177,760 decrease in this category, cash and investments decreased \$252,426, receivables increased \$58,180, prepaid expenses decreased \$2,909 and assets held for sale increased \$19,395.
- Non-current assets decreased \$187,469 due to a decrease in capital assets. Capital assets decreased because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

**FINANCIAL ANALYSIS - CONTINUED**

- Current liabilities include accounts payable, tenant security deposits, deferred revenue, and current portion of long-term debt. The increase in this category of \$28,671 was mainly due to an increase in accounts payable of \$27,359 which is amounts owed to vendors and contractors for services rendered or goods purchased in the current fiscal year, but paid in the following fiscal year.
- Non-current liabilities decreased \$2,452 due to principal payments applied to long-term debt.

The unrestricted net assets were \$1,382,152 as of June 30, 2009. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for ten months. The restricted assets were \$14,662 as of June 30, 2009. This amount may only be used in the Housing Choice Voucher program for housing assistance payments. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET ASSETS**

		FY 2009	FY 2008	Dollar Change	Percent Change
Current and other assets	\$	1,588,057	\$ 1,765,817	\$ (177,760)	-10.1%
Non-current assets		5,436,937	5,624,406	(187,469)	-3.3%
Total Assets		<u>7,024,994</u>	<u>7,390,223</u>	<u>(365,229)</u>	<u>-4.9%</u>
Current liabilities		263,746	235,075	28,671	12.2%
Non-current liabilities		286,969	289,421	(2,452)	-0.8%
Total Liabilities		<u>550,715</u>	<u>524,496</u>	<u>26,219</u>	<u>5.0%</u>
Net Assets					
Invested in capital assets, net of related debt		5,077,465	5,262,647	(185,182)	-3.5%
Restricted		14,662	140,955	(126,293)	-89.6%
Unrestricted		1,382,152	1,462,125	(79,973)	-5.5%
Total Net Assets	\$	<u>6,474,279</u>	<u>6,865,727</u>	<u>(391,448)</u>	<u>-5.7%</u>

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

**FINANCIAL ANALYSIS - CONTINUED**

The 2008 approved capital grant (501-08) totals \$229,019 and was 100.0% expended as of June 30, 2009. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/09, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$120,402	100.0%	Operations
1408	\$ 24,942	100.0%	Management Improvements
1460	\$ 50,546	100.0%	Dwelling Structures
1465	\$ 9,615	100.0%	Dwelling Equipment
1470	\$ 2,575	100.0%	Non-Dwelling Structures
1475	\$ 20,940	100.0%	Non-Dwelling Equipment

The 2009 approved ARRA capital grant (501-09) totals \$289,892 and was 14.8% expended as of June 30, 2009. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/09, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1410	\$ 28,989	21.5%	Administration
1460	\$136,000	26.1%	Dwelling Structures
1465	\$ 68,903	0.0%	Dwelling Equipment
1475	\$ 56,000	2.3%	Non-Dwelling Equipment

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the previous page, total revenues decreased \$150,885 due to the reasons noted below.

- Rental revenue increased \$10,332 or 3.0% mainly due to an increase in the average rent charge per unit under lease of \$4.28 or 2.5%.
- Of the \$268,226 decrease in intergovernmental revenue, public housing operating subsidy received from HUD increased \$40,686, capital fund grants used for operating expenditures decreased \$296,868, funding for housing choice voucher assistance decreased \$80,882, revenue from resident opportunity supportive services increased \$67,552, and rural rental housing assistance increased \$1,286.
- Other operating revenue increased \$3,565 or 6.6% from FY 2008.
- Interest income decreased \$12,982 or 33.2% mostly due to a decrease in cash and investments.



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

**FINANCIAL ANALYSIS – CONTINUED**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS**

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental income	\$ 360,031	\$ 349,699	\$ 10,332	3.0%
Intergovernmental revenue	4,185,441	4,453,667	(268,226)	-6.0%
Other operating revenue	57,323	53,758	3,565	6.6%
General revenues				
Interest income	26,126	39,108	(12,982)	-33.2%
HUD capital grants	141,331	35,233	106,098	301.1%
Gain (loss) on disposal of fixed assets	9,753	(575)	10,328	1796.2%
Total Revenues	<u>4,780,005</u>	<u>4,930,890</u>	<u>(150,885)</u>	<u>-3.1%</u>
<b>Expenses</b>				
Administrative	1,081,799	1,054,382	27,417	2.6%
Tenant services	3,587	1,841	1,746	94.8%
Utilities	98,829	86,972	11,857	13.6%
Ordinary maintenance & operations	348,270	372,276	(24,006)	-6.4%
General expense	56,487	54,437	2,050	3.8%
Interest expense	20,671	20,412	259	1.3%
Housing assistance payments	3,209,430	3,013,221	196,209	6.5%
Depreciation	348,008	344,099	3,909	1.1%
Total Expenses	<u>5,167,081</u>	<u>4,947,640</u>	<u>219,441</u>	<u>4.4%</u>
Excess (deficiency) before prior period adjustments	(387,076)	(16,750)	(370,326)	
Prior period adjustments	(4,372)	-	(4,372)	
Change in net assets	<u>(391,448)</u>	<u>(16,750)</u>	<u>(374,698)</u>	
Beginning net assets	<u>6,865,727</u>	<u>6,882,477</u>	<u>(16,750)</u>	
Ending net assets	<u>\$ 6,474,279</u>	<u>\$ 6,865,727</u>	<u>\$ (391,448)</u>	

- HUD capital grants increased \$106,098 from FY 2008. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Revenue from HUD capital grants during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Gain (loss) on disposal of fixed assets increased \$10,328 from FY 2008. In FY 2009 the Authority sold one home for a gain of \$7,789 and disposed of equipment for a gain of \$1,964. In FY 2008 the Authority sold one home for a loss of \$575.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

**FINANCIAL ANALYSIS – CONTINUED**

Total expenses increased by \$219,441 due to the reasons noted below.

- Administrative expenses increased \$27,417 or 2.6% mainly due to an increase in program expenses for the Resident Opportunity Supportive Services (ROSS) programs. In FY 2009 the Authority expended \$131,792 for the ROSS Project Coordinator positions, up from \$64,240 in FY 2008. This is due to receipt of the three year ROSS Homeownership Coordinator position contract which was received on June 28, 2008. This was combined with the ROSS Family Self-Sufficiency Coordinator position that has been funded since May 2005.
- Tenant services increased \$1,746 from FY 2008.
- Of the \$11,857 increase in utilities, water increased \$1,031 or 6.6%, electricity increased \$171 or 1.0%, gas increased \$8,236 or 25.0%, and sewer increased \$2,419 or 11.5%.
- Ordinary maintenance & operations decreased \$24,006 or 6.4% mostly due to a decrease in maintenance labor of \$25,749 or 10.0%.
- Of the \$2,050 increase in general expense, general insurance decreased \$409, other general expenses increased \$2,449, payments in lieu of taxes decreased \$95, and bad debts increased \$105.
- Interest expense increased \$259 or 1.3% from FY 2008.
- Housing assistance payments increased \$196,209 or 6.5% due to a 3.9% increase in the average housing assistance payment and a 2.5% increase in vouchers issued and outstanding during FY 2009.
- The Authority had a \$3,909 or 1.1% increase in Depreciation which is the write-off of capital assets over their estimated useful life.

EIRHA currently owns and manages 164 public housing units. These units are located in Dyersville, Bellevue, Manchester, Colesburg, Miles, Sabula, DeWitt, Holy Cross, Hopkinton, Worthington, Delmar, Preston, Peosta, and Wheatland. Overall, the projects maintain a 98.4% occupancy level. There are 85 units of elderly and 79 units of family. The family housing is scattered site single family homes and duplexes. Currently EIRHA has 4 four-bedroom units, 30 three-bedroom units, 46 two-bedroom units, and 84 one-bedroom units.

EIRHA is authorized to assist 883 households with the Housing Choice Voucher Rental Assistance Program. Of the 883 vouchers, the city of Maquoketa is given priority to their original 156 vouchers under their Annual Contributions Contract that EIRHA assumed. From July 1, 2008 through June 30, 2009, EIRHA served 165 families in the city of Maquoketa. The Section 8 lease up rate for FY 2009 was 99.6%, up from 97.2% in the prior year. EIRHA expended \$3,075,972 or 100% of current year housing assistance received from HUD and \$133,458 of available HAP Reserve for housing assistance payments.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

**FINANCIAL ANALYSIS – CONTINUED**

EIRHC owns 10 one-bedroom USDA units that are designed for the elderly/handicapped/disabled, located in Grand Mound (6 units) and Worthington (4 units). EIRHC is also the general partner/developer for the 24 tax credit units known as Evergreen Meadows. This project is located in Peosta, Iowa and has 3 four-bedroom units, 11 three-bedroom units and 10 two-bedroom units. In addition, EIRHC is general partner/developer for the 32 tax credit units known as Asbury Meadows. This project is located in Asbury, Iowa and has 6 four-bedroom units, 14 three-bedroom units and 12 two-bedroom units.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – The Eastern Iowa Regional Housing Authority, Dubuque, Iowa's investment in capital assets, net of related debt, as of June 30, 2009 amounts to \$5,077,465 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 3.3% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$149,779 for the year. Of this amount \$141,331 was used from HUD capital grants, and \$8,448 was used from Section 8 administrative fee revenue, and \$8,796 was used from Component Unit program income. In FY 2009 the Authority disposed of equipment with a book value of \$1,636 and received \$3,600 trade-in value for disposed assets. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$348,008. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Net Gain on Disposal	Ending
Capital assets	\$5,624,406	\$158,575	\$(348,008)	\$1,964	\$5,436,937

The USDA project has several mortgages that were used to purchase land and buildings for the Rural Rental Housing Assistance Program. Total mortgage debt as of June 30, 2009 is \$289,422, down from \$291,709 in FY 2008. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2010 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's fiscal year ended June 30, 2004. Most operating expenses are expected to increase by the economy's inflation rate. The Authority has budgeted for a 16.4% increase in administrative expenses and a 41.6% increase in general insurance.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2009

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - CONTINUED**

The Authority is eligible to receive \$1,041,168 for housing assistance payments for the months of July through October 2009 in the Housing Choice Voucher Program. The Authority also has \$14,662 available in HAP Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$304.10 for FY 2009, the Authority will have sufficient funding and reserves to lease 98.3% of its authorized vouchers from July through October 2009. HUD has not established funding levels for the remaining eight months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2010 and adjusted for pro-ratio which is currently at 90.879%.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Michelle Schnier  
Director of Housing and Support Services  
Eastern Iowa Regional Housing Authority  
7600 Commerce Park  
Dubuque, Iowa 52002.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
STATEMENT OF NET ASSETS - PROPRIETARY FUND  
June 30, 2009

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 579,799
Investments	620,224
Accounts receivable	
Tenants, net of allowance	34,015
HUD	59,047
Other	21,964
Notes receivable - current	600
Accrued interest	5,127
Deferred charges	14,795
Assets held for sale	144,336
Total current assets	<u>1,479,907</u>

**Non-current assets**

Capital assets, net of accumulated depreciation	5,366,887
Notes receivable - noncurrent	108,150
Investment in joint ventures	70,050
Total non-current assets	<u>5,545,087</u>

<b>Total assets</b>	<b>\$ <u>7,024,994</u></b>
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**LIABILITIES AND NET ASSETS**

**Current liabilities**

Notes payable - current	\$ 2,453
Accounts payable	
Vendors	130,567
Security deposits	40,864
Accrued liabilities	
Payments in lieu of taxes	24,305
Interest payable	16
Deferred credits	11,681
Other current liabilities	53,860
Total current liabilities	<u>263,746</u>

**Non-current liabilities**

Notes payable, net of current portion	286,969
Total non-current liabilities	<u>286,969</u>
Total liabilities	<u>550,715</u>

**Net assets**

Invested in capital assets - net of related debt	5,077,465
Restricted	14,662
Unrestricted	1,382,152
Total net assets	<u>6,474,279</u>

<b>Total liabilities and net assets</b>	<b>\$ <u>7,024,994</u></b>
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The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
Year ended June 30, 2009

<b>Operating revenue</b>	
Rental income	\$ 360,031
Intergovernmental revenue	4,185,441
Other operating revenue	<u>56,568</u>
Total operating revenue	4,602,040
<b>Operating expense</b>	
Administration	1,081,799
Tenant services	3,587
Utilities	98,829
Ordinary maintenance and operations	351,887
General expense	56,487
Housing assistance payments	3,209,430
Depreciation	<u>348,008</u>
Total operating expense	<u>5,150,027</u>
Operating income (loss)	(547,987)
<b>Non-operating revenue (expense)</b>	
Interest income	26,126
Interest expense	(20,671)
HUD capital grants	141,331
Gain (loss) on disposal/sale of fixed assets	<u>9,753</u>
Total non-operating revenue (expense)	<u>156,539</u>
Change in net assets	(391,448)
Net assets at beginning of year	<u>6,865,727</u>
Net assets at end of year	\$ <u><u>6,474,279</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
Year ended June 30, 2009

Increase (Decrease) in Cash and  
Cash Equivalents

<b>Cash flows from operating activities</b>	
Cash received from tenants	\$ 347,383
Cash payments to suppliers	(3,793,811)
Cash payments to employees	(1,017,728)
Grants received from governmental units	4,293,948
Other income received	<u>51,252</u>
Net cash provided by (used in) operating activities	(118,956)
<b>Cash flows from capital and related financing activities</b>	
Capital expenditures	(173,217)
Proceeds from sale of property	250
Net cost of assets held for sale	(105,964)
HUD capital grants received	141,331
Principal payments on notes payable	(2,287)
Interest paid	<u>(20,654)</u>
Net cash provided by (used in) capital and related financing activities	(160,541)
<b>Cash flows from investing activities</b>	
Interest income received	27,072
Net investment transactions	<u>(18,360)</u>
Net cash provided by (used in) investing activities	<u>8,712</u>
Net increase (decrease) in cash and cash equivalents	(270,785)
Cash and cash equivalents at beginning of year	<u>850,584</u>
Cash and cash equivalents at end of year	<u><u>\$ 579,799</u></u>

Reconciliation of Operating Income (Loss)  
to Net Cash From Operating Activities

Operating income (loss)	\$ (547,987)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	348,008
(Increase) decrease in accounts receivable	49,624
(Increase) decrease in deferred charges	2,909
Increase (decrease) in accounts payable	27,537
Increase (decrease) in accrued liabilities	(95)
Increase (decrease) in deferred credits	(4,061)
Increase (decrease) in other current liabilities	5,109
Total adjustments	<u>429,031</u>
Net cash from operating activities	<u><u>\$ (118,956)</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The Eastern Iowa Regional Housing Authority (EIRHA) is organized pursuant to the provisions of Chapter 403A and Chapter 28E of the Code of Iowa for the purposes of owning and providing affordable rental units and rent subsidies to low and moderate income individuals in Dubuque, Delaware, Jackson, Cedar, Clinton and Jones counties excluding the cities of Dubuque and Clinton. The Eastern Iowa Regional Housing Authority board consists of elected directors and housing commissioners from those counties.

As required by generally accepted accounting principles, these financial statements present the Eastern Iowa Regional Housing Authority and its component unit, the Eastern Iowa Regional Housing Corporation (EIRHC). Although it is legally separate from EIRHA, EIRHC is reported as if it were part of the primary government because of the significance of its operational or financial relationship with Eastern Iowa Regional Housing Authority, including having the same board of directors.

EIRHC is a non-profit corporation which owns and operates ten one-bedroom USDA units. EIRHC is also the management agent and general partner/ developer for two low-income housing tax credit projects: Evergreen Meadows and Asbury Meadows. EIRHC has entered into agreements with the Eastern Iowa Regional Housing Authority (EIRHA) and the East Central Intergovernmental Association (ECIA) for staffing services.

2. Basis of Presentation

The accounts of the Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Authority has the following proprietary fund:

**Enterprise Fund** - Enterprise funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting

**Measurement Focus** - Enterprise funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenue) and decreases (expenses) in total net assets.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Authority has elected pursuant to GASB Statement 20 to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

A proprietary fund distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority is rents collected from tenants and operating grants. Operating expenses for a proprietary fund include the cost of operating properties owned, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

4. Cash Equivalents

For purposes of the statements of cash flows, the Authority considers cash equivalents to include certificates of deposit having an original maturity of three months or less.

5. Investments

The Authority's investments are in time deposits (certificates of deposit) that are stated at fair value, which approximates cost.

6. Accounts Receivable

Accounts receivable-tenants have been shown at net of allowance for doubtful accounts of \$1,105 and accounts receivable-other has been shown at net of allowance for doubtful accounts of \$1,309.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Property and Equipment

Property and equipment is stated at cost. The cost of maintenance and repairs that do not add value to assets or materially extend asset lives is not capitalized. The capitalization policy of the Authority is to capitalize fixed assets costing more than \$500 and expected to last more than one year. Depreciation of all exhaustible property and equipment is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	40-50 years
Building and land improvements	5-20 years
Equipment	3-10 years

8. Budgetary Process

The Eastern Iowa Regional Housing Authority prepares an annual operating budget with formal board approval prior to the start of its fiscal year. The United States Department of Housing and Urban Development (HUD) requests the Authority keep the budget on file and to submit to HUD the calculation for operating subsidy. The Authority must prepare a revised operating budget only when total expenditures exceed the amount originally budgeted. The revised budget, if needed, is also kept on file at the Authority's office.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

10. Concentration of Revenues

The Authority received approximately 91% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

**NOTE B - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets	
Cash and cash equivalents	\$ 579,799
Investments	620,224
	<u>\$ 1,200,023</u>

Cash and investments as of June 30, 2009 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 190,102	\$ 205,177
Savings and money market accounts	389,697	389,148
Certificates of deposit	620,224	620,224
	<u>\$ 1,200,023</u>	<u>\$ 1,214,549</u>

**Investments Authorized by the Authority's Investment Policy**

The Authority is required to invest its funds in accordance with Iowa Statutes. The Authority may consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to various funds based on their respective participation in accordance with generally accepted accounting principles. Safety of principal is the foremost objective of the Authority's investment policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority limits its exposure to interest rate risk by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The Authority also structures its investment portfolio so that securities mature to meet cash requirements, avoiding the need to sell securities in the open market prior to maturity. As of year end, the weighted average maturity of the investments in certificates of deposit is 3.9 months.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

NOTE B - CASH DEPOSITS - CONTINUED

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority minimizes its credit risk by limiting investment types and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Authority will do business.

Concentration of Credit Risk

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Authority diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposits at June 30, 2009 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Authority or the Authority's agent in the Authority's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

NOTE C - PROPERTY AND EQUIPMENT

A summary of changes in property and equipment for each program follows:

<u>Public Housing/CFP</u>	<u>Balance July 1, 2008</u>	<u>Additions &amp; Adjustments</u>	<u>Deletions &amp; Adjustments</u>	<u>Balance June 30, 2009</u>
<i>Capital assets not being depreciated</i>				
Land	\$ 823,786	\$ -	\$ -	\$ 823,786
Construction in progress	-	41,674	-	41,674
<i>Capital assets being depreciated</i>				
Land improvement	16,717	-	-	16,717
Buildings	8,896,743	53,118	-	8,949,861
Equipment	249,945	50,139	17,354	282,730
	<u>9,163,405</u>	<u>103,257</u>	<u>17,354</u>	<u>9,249,308</u>
	9,987,191	144,931	17,354	10,114,768
Less accumulated depreciation	<u>4,700,656</u>	<u>333,343</u>	<u>15,719</u>	<u>5,018,280</u>
Subtotal	<u>5,286,535</u>	<u>(188,412)</u>	<u>1,635</u>	<u>5,096,488</u>
<b>Section 8 Housing Choice Vouchers</b>				
<i>Capital assets being depreciated</i>				
Equipment	36,635	8,448	-	45,083
Less accumulated depreciation	<u>24,983</u>	<u>6,699</u>	<u>-</u>	<u>31,682</u>
Subtotal	<u>11,652</u>	<u>1,749</u>	<u>-</u>	<u>13,401</u>
<b>EIRHC - USDA Housing</b>				
<i>Capital assets not being depreciated</i>				
Land	19,664	-	-	19,664
<i>Capital assets being depreciated</i>				
Buildings	313,461	-	-	313,461
Building improvements	11,100	-	-	11,100
Furniture and equipment	<u>15,664</u>	<u>-</u>	<u>-</u>	<u>15,664</u>
	359,889	-	-	359,889
Less accumulated depreciation	<u>103,720</u>	<u>6,923</u>	<u>-</u>	<u>110,643</u>
Subtotal	<u>256,169</u>	<u>(6,923)</u>	<u>-</u>	<u>249,246</u>
<b>EIRHC - Tax Credit Programs</b>				
<i>Capital assets being depreciated</i>				
Furniture and equipment	<u>-</u>	<u>8,796</u>	<u>-</u>	<u>8,796</u>
Less accumulated depreciation	<u>-</u>	<u>1,044</u>	<u>-</u>	<u>1,044</u>
Subtotal	<u>-</u>	<u>7,752</u>	<u>-</u>	<u>7,752</u>
Total	\$ <u>5,554,356</u>	\$ <u>(185,834)</u>	\$ <u>1,635</u>	\$ <u>5,366,887</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

**NOTE D - NOTES PAYABLE**

Details of the Housing Authority's notes payable are set forth below:

	Balance at July 1, 2008	Additions	Reductions	Balance at June 30, 2009
Notes payable	\$ 291,709	\$ -	\$ 2,287	\$ 289,422

Notes payable for EIRHC are payable to United States Department of Agriculture, Rural Housing Services (USDA-RHS). The following mortgage notes payable to USDA-RHS at June 30, 2009 are as follows:

6.5% first mortgage note payable	\$ 111,732
7.25% first mortgage note payable	177,690
	289,422
Less current maturities	2,453
LONG-TERM OBLIGATIONS	\$ 286,969

United States Department of Agriculture, Rural Housing Services (USDA-RHS) is subsidizing the interest payable on the first mortgage notes, thereby effectively reducing the interest rate to 1%. The USDA-RHS notes are secured by real property and rents and profits of the Authority's USDA Housing Program.

Principal and interest maturities on notes payable are as follows:

Year ended June 30,	EIRHC-Rural Development	
	Principal	Interest
2010	\$ 2,453	\$ 20,067
2011	2,630	19,890
2012	2,819	19,701
2013	3,022	19,498
2014	3,241	19,279
2015-2019	20,065	92,537
2020-2024	28,434	84,168
2025-2029	40,305	72,297
2030-2034	57,149	55,453
2035-2039	81,059	31,543
2040-2044	48,245	5,976
	<u>\$ 289,422</u>	<u>\$440,409</u>

**NOTE E - RELATED PARTY**

The Eastern Iowa Regional Housing Authority, related to the East Central Intergovernmental Association through common management, is provided management services and office space. During the year ended June 30, 2009, the Eastern Iowa Regional Housing Authority paid East Central Intergovernmental Association \$1,203,477 for such services.

**NOTE F - ACTIVITIES OF THE HOUSING AUTHORITY**

The Eastern Iowa Regional Housing Authority owns and manages 18 Public Housing Projects totaling 164 units in several locations.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

**NOTE F - ACTIVITIES OF THE HOUSING AUTHORITY - CONTINUED**

The Eastern Iowa Regional Housing Authority is authorized to issue 883 vouchers under the Section 8 Housing Choice Voucher Program. At June 30, 2009, 876 vouchers were under lease in the six-county area served by the Eastern Iowa Regional Housing Authority.

**NOTE G - DUE FROM/TO OTHER PROGRAMS**

For the Statement of Net Assets, the following individual program interfund receivable and payable balances at June 30, 2009, which are within business-type activities, are netted and eliminated.

<u>Program</u>	<u>Due From</u>	<u>Due To</u>
Low Rent Public Housing	\$253,086	\$ -
Business Activities	-	253,086
Totals	<u>\$253,086</u>	<u>\$253,086</u>

**NOTE H - INVESTMENT IN JOINT VENTURE**

In September, 2003, Eastern Iowa Regional Housing Corporation (EIRHC) purchased .01% interest in a tax credit housing project, Eastern Iowa Regional Partnership, LLLP (Evergreen Meadows) for \$69,950. In October 2004, EIRHC purchased .01% interest in Asbury EIRP, LLLP (Asbury Meadows) for \$100. EIRHC is the general partner for both projects with a total investment of \$70,050.

**NOTE I - CONTINGENT LIABILITY**

Eastern Iowa Regional Housing Corporation (EIRHC) includes Eastern Iowa Development Corporation (EIDC) a wholly-owned subsidiary of EIRHC. EIDC is a general partner in several limited partnerships which it manages and therefore receives a management fee. The partnerships that EIDC is a general partner in are as follows:

<u>Name</u>	<u>Ownership Percent</u>	<u>Outstanding Liabilities at 6-30-09</u>
Eastern Iowa Regional Partnership, L.L.L.P., Peosta, Iowa	.01%	\$ 1,386,411
Asbury E.I.R.P., L.L.L.P., Asbury, Iowa	.01%	\$ 1,887,745

**NOTE J - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four years.

**SUPPLEMENTAL DATA**



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
STATEMENT OF NET ASSETS BY PROGRAM  
June 30, 2009

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>ASSETS</b>									
<b>Current assets</b>									
Cash and cash equivalents	\$ 106,571	\$ -	\$ 100,960	\$ -	\$ -	\$ 47,539	\$ 324,729	\$ 372,268	\$ 579,799
Investments	338,662	-	281,562	-	-	-	-	-	620,224
Accounts receivable									
Tenants, net of allowance	22,239	-	-	-	-	-	-	-	22,239
HUD	35,954	-	15,512	7,581	-	-	-	-	59,047
Other	-	-	19,245	-	-	-	14,495	14,495	33,740
Notes receivable - current	-	-	-	-	600	-	-	-	600
Accrued interest	1,457	-	3,670	-	-	-	-	-	5,127
Deferred charges	14,523	-	272	-	-	-	-	-	14,795
Due from other programs	253,086	-	-	-	-	-	-	-	253,086
Assets held for sale	-	-	-	-	144,336	-	-	-	144,336
Total current assets	<u>772,492</u>	<u>-</u>	<u>421,221</u>	<u>7,581</u>	<u>144,936</u>	<u>47,539</u>	<u>339,224</u>	<u>386,763</u>	<u>1,732,993</u>
<b>Non-current assets</b>									
Capital assets, net of accumulated depreciation	5,096,488	-	13,401	-	-	249,246	7,752	256,998	5,366,887
Notes receivable - noncurrent	-	-	-	-	108,150	-	-	-	108,150
Investment in joint ventures	-	-	-	-	-	-	70,050	70,050	70,050
Total non-current assets	<u>5,096,488</u>	<u>-</u>	<u>13,401</u>	<u>-</u>	<u>108,150</u>	<u>249,246</u>	<u>77,802</u>	<u>327,048</u>	<u>5,545,087</u>
Total assets	<u>\$ 5,868,980</u>	<u>\$ -</u>	<u>\$ 434,622</u>	<u>\$ 7,581</u>	<u>\$ 253,086</u>	<u>\$ 296,785</u>	<u>\$ 417,026</u>	<u>\$ 713,811</u>	<u>\$ 7,278,080</u>
<b>LIABILITIES AND NET ASSETS</b>									
<b>Current liabilities</b>									
Notes payable - current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,453	\$ -	\$ 2,453	\$ 2,453
Accounts payable									
Vendors	80,046	-	42,014	7,581	-	826	100	926	130,567
Security deposits	38,427	-	-	-	-	2,437	-	2,437	40,864
Accrued liabilities									
Payments in lieu of taxes	24,305	-	-	-	-	-	-	-	24,305
Interest payable	-	-	-	-	-	16	-	16	16
Deferred credits	11,408	-	-	-	-	273	-	273	11,681
Other current liabilities	14,878	-	38,982	-	-	-	-	-	53,860
Due to other programs	-	-	-	-	253,086	-	-	-	253,086
Total current liabilities	<u>169,064</u>	<u>-</u>	<u>80,996</u>	<u>7,581</u>	<u>253,086</u>	<u>6,005</u>	<u>100</u>	<u>6,105</u>	<u>516,832</u>
<b>Non-current liabilities</b>									
Notes payable, net of current portion	-	-	-	-	-	286,969	-	286,969	286,969
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,969</u>	<u>-</u>	<u>286,969</u>	<u>286,969</u>
Total liabilities	<u>169,064</u>	<u>-</u>	<u>80,996</u>	<u>7,581</u>	<u>253,086</u>	<u>292,974</u>	<u>100</u>	<u>293,074</u>	<u>803,801</u>
<b>Net assets</b>									
Invested in capital assets - net of related debt	5,096,488	-	13,401	-	-	(40,176)	7,752	(32,424)	5,077,465
Restricted	-	-	14,662	-	-	-	-	-	14,662
Unrestricted	603,428	-	325,563	-	-	43,987	409,174	453,161	1,382,152
Total net assets	<u>5,699,916</u>	<u>-</u>	<u>353,626</u>	<u>-</u>	<u>-</u>	<u>3,811</u>	<u>416,926</u>	<u>420,737</u>	<u>6,474,279</u>
Total liabilities and net assets	<u>\$ 5,868,980</u>	<u>\$ -</u>	<u>\$ 434,622</u>	<u>\$ 7,581</u>	<u>\$ 253,086</u>	<u>\$ 296,785</u>	<u>\$ 417,026</u>	<u>\$ 713,811</u>	<u>\$ 7,278,080</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM  
Year ended June 30, 2009

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Operating revenue</b>									
Rental income	\$ 335,465	\$ -	\$ -	\$ -	\$ -	\$ 24,566	\$ -	\$ 24,566	\$ 360,031
Intergovernmental revenue	355,975	10,235	3,657,492	131,792	11,000	18,947	-	18,947	4,185,441
Other operating revenue	9,619	-	17,755	-	-	991	28,203	29,194	56,568
<b>Total operating revenue</b>	<b>701,059</b>	<b>10,235</b>	<b>3,675,247</b>	<b>131,792</b>	<b>11,000</b>	<b>44,504</b>	<b>28,203</b>	<b>72,707</b>	<b>4,602,040</b>
<b>Operating expense</b>									
Administration	334,907	-	601,972	131,792	-	2,745	10,383	13,128	1,081,799
Tenant services	3,587	-	-	-	-	-	-	-	3,587
Utilities	92,757	-	-	-	-	6,072	-	6,072	98,829
Ordinary maintenance and operations	333,728	-	7,067	-	-	11,092	-	11,092	351,887
General expense	52,153	-	2,981	-	-	1,353	-	1,353	56,487
Housing assistance payments	-	-	3,209,430	-	-	-	-	-	3,209,430
Depreciation	326,578	6,765	6,699	-	-	6,922	1,044	7,966	348,008
<b>Total operating expense</b>	<b>1,143,710</b>	<b>6,765</b>	<b>3,828,149</b>	<b>131,792</b>	<b>-</b>	<b>28,184</b>	<b>11,427</b>	<b>39,611</b>	<b>5,150,027</b>
<b>Operating income (loss)</b>	<b>(442,651)</b>	<b>3,470</b>	<b>(152,902)</b>	<b>-</b>	<b>11,000</b>	<b>16,320</b>	<b>16,776</b>	<b>33,096</b>	<b>(547,987)</b>
<b>Non-operating revenue (expense)</b>									
Interest income	11,280	-	8,575	-	150	190	5,931	6,121	26,126
Interest expense	-	-	-	-	-	(20,671)	-	(20,671)	(20,671)
HUD capital grants	-	141,331	-	-	-	-	-	-	141,331
Gain (loss) on disposal/sale of fixed assets	1,964	-	-	-	7,789	-	-	-	9,753
<b>Total non-operating revenue (expense)</b>	<b>13,244</b>	<b>141,331</b>	<b>8,575</b>	<b>-</b>	<b>7,939</b>	<b>(20,481)</b>	<b>5,931</b>	<b>(14,550)</b>	<b>156,539</b>
<b>Change in net assets before transfers</b>	<b>(429,407)</b>	<b>144,801</b>	<b>(144,327)</b>	<b>-</b>	<b>18,939</b>	<b>(4,161)</b>	<b>22,707</b>	<b>18,546</b>	<b>(391,448)</b>
Operating transfer	29,174	(10,235)	-	-	(18,939)	-	-	-	-
Equity transfer	166,807	(166,807)	-	-	-	-	-	-	-
<b>Change in net assets</b>	<b>(233,426)</b>	<b>(32,241)</b>	<b>(144,327)</b>	<b>-</b>	<b>-</b>	<b>(4,161)</b>	<b>22,707</b>	<b>18,546</b>	<b>(391,448)</b>
<b>Net assets at beginning of year</b>	<b>5,933,342</b>	<b>32,241</b>	<b>497,953</b>	<b>-</b>	<b>-</b>	<b>7,972</b>	<b>394,219</b>	<b>402,191</b>	<b>6,865,727</b>
<b>Net assets at end of year</b>	<b>\$ 5,699,916</b>	<b>\$ -</b>	<b>\$ 353,626</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,811</b>	<b>\$ 416,926</b>	<b>\$ 420,737</b>	<b>\$ 6,474,279</b>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS BY PROGRAM**  
Year ended June 30, 2009

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>									
<b>Cash flows from operating activities</b>									
Cash received from tenants	\$ 322,947	\$ -	\$ -	\$ -	\$ -	\$ 24,436	\$ -	\$ 24,436	\$ 347,383
Cash payments to suppliers	(402,942)	(249)	(3,359,891)	-	-	(20,346)	(10,383)	(30,729)	(3,793,811)
Cash payments to employees	(420,229)	-	(465,707)	(131,792)	-	-	-	-	(1,017,728)
Grants received from governmental units	355,975	134,254	3,641,980	131,792	11,000	18,947	-	18,947	4,293,948
Other income received	13,198	-	23,355	-	-	991	13,708	14,699	51,252
Net cash provided by (used in) operating activities	(131,051)	134,005	(160,263)	-	11,000	24,028	3,325	27,353	(118,956)
<b>Cash flows from non-capital financing activities</b>									
Operating transfers	29,174	(10,235)	-	-	(18,939)	-	-	-	-
<b>Cash flows from capital and related financing activities</b>									
Due to/due from other programs	(4,375)	(123,770)	-	-	128,145	-	-	-	-
Capital expenditures	-	(141,331)	(8,448)	-	(14,642)	-	(8,796)	(8,796)	(173,217)
Proceeds from sale of property	-	-	-	-	250	-	-	-	250
Net cost of assets held for sale	-	-	-	-	(105,964)	-	-	-	(105,964)
HUD capital grants received	-	141,331	-	-	-	-	-	-	141,331
Principal payments on notes payable	-	-	-	-	-	(2,287)	-	(2,287)	(2,287)
Interest paid	-	-	-	-	-	(20,654)	-	(20,654)	(20,654)
Net cash provided by (used in) capital and related financing activities	(4,375)	(123,770)	(8,448)	-	7,789	(22,941)	(8,796)	(31,737)	(160,541)
<b>Cash flows from investing activities</b>									
Interest income received	14,417	-	6,384	-	150	190	5,931	6,121	27,072
Net investment transactions	(13,662)	-	(4,698)	-	-	-	-	-	(18,360)
Net cash provided by (used in) investing activities	755	-	1,686	-	150	190	5,931	6,121	8,712
Net increase (decrease) in cash and cash equivalents	(105,497)	-	(167,025)	-	-	1,277	460	1,737	(270,785)
Cash and cash equivalents at beginning of year	212,068	-	267,985	-	-	46,262	324,269	370,531	850,584
Cash and cash equivalents at end of year	\$ 106,571	\$ -	\$ 100,960	\$ -	\$ -	\$ 47,539	\$ 324,729	\$ 372,268	\$ 579,799
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>									
Operating income (loss)	\$ (442,651)	\$ 3,470	\$ (152,902)	\$ -	\$ 11,000	\$ 16,320	\$ 16,776	\$ 33,096	\$ (547,987)
<b>Adjustments to reconcile operating loss to net cash from operating activities:</b>									
Depreciation	326,578	6,765	6,699	-	-	6,922	1,044	7,966	348,008
(Increase) decrease in accounts receivable	(47,882)	124,019	(9,912)	(2,106)	-	-	(14,495)	(14,495)	49,624
(Increase) decrease in deferred charges	742	-	2,167	-	-	-	-	-	2,909
Increase (decrease) in accounts payable	27,950	(249)	(2,966)	2,106	-	696	-	696	27,537
Increase (decrease) in accrued liabilities	(95)	-	-	-	-	-	-	-	(95)
Increase (decrease) in deferred credits	2,681	-	(6,832)	-	-	90	-	90	(4,061)
Increase (decrease) in other current liabilities	1,626	-	3,483	-	-	-	-	-	5,109
Total adjustments	311,600	130,535	(7,361)	-	-	7,708	(13,451)	(5,743)	429,031
Net cash from operating activities	\$ (131,051)	\$ 134,005	\$ (160,263)	\$ -	\$ 11,000	\$ 24,028	\$ 3,325	\$ 27,353	\$ (118,956)

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2009

<u>Federal Grantor</u>	<u>Federal C.F.D.A. Number</u>	<u>Accrual Basis Amount</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Low-Rent Public Housing		
Operating subsidy	14.850a	\$ 355,975
Capital Fund Program	14.872	151,566
Housing Assistance Payment Program		
Housing Choice Vouchers	*14.871	3,657,492
Resident Opportunity and Supportive Services	14.870	131,792
Home Investments Partnership Program	14.239	11,000
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Rural Rental Housing Loans	10.415	<u>18,947</u>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ <u><u>4,326,772</u></u></b>

\* Denotes major program

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
STATEMENT AND CERTIFICATION OF  
CAPITAL FUND PROGRAM COSTS  
Year ended June 30, 2009

1. The Actual Capital Fund Program costs are as follows:

	Project IA05P126	
	501-07	502-08
Funds approved	\$ 218,316	\$ 229,019
Funds expended	<u>218,316</u>	<u>229,019</u>
Excess	\$ <u>-</u>	\$ <u>-</u>
Funds advanced		
Capital fund grant	\$ 218,316	\$ 229,019
Funds expended	<u>218,316</u>	<u>229,019</u>
Excess	\$ <u>-</u>	\$ <u>-</u>

2. The Actual Modernization Cost Certificates (HUD-53001) dated July 2009 as submitted to HUD for approval are in agreement with the PHA's records.
3. All capital fund program costs have been paid and all related liabilities have been discharged through payment.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
FINANCIAL DATA SCHEDULE  
June 30, 2009

Line Item Number	Account Description	Low- Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Section 8 Housing Choice Vouchers 14.871	Resident Opportunity & Supportive Services 14.870	Business Activities	HOME Investment Partnerships Program	Rural Rental Housing Loans 10.415	Component Unit	Elim- inations	Total
111	Cash - unrestricted	68,144	-	86,298	-	-	-	16,673	324,729	-	495,844
113	Cash - other restricted	-	-	14,662	-	-	-	28,429	-	-	43,091
114	Cash - tenant security deposits	38,427	-	-	-	-	-	2,437	-	-	40,864
100	Total cash	106,571	-	100,960	-	-	-	47,539	324,729	-	579,799
122	Accounts receivable - HUD	35,954	-	15,512	7,581	-	-	-	-	-	59,047
125	Accounts receivable - miscellaneous	-	-	7,469	-	-	-	-	14,495	-	21,964
126	Accounts receivable-tenants-dwelling rents	23,344	-	-	-	-	-	-	-	-	23,344
126.1	Allowance for doubtful accounts - tenants	(1,105)	-	-	-	-	-	-	-	-	(1,105)
127	Notes receivable - current	-	-	-	-	600	-	-	-	-	600
128	Fraud recovery	-	-	13,085	-	-	-	-	-	-	13,085
128.1	Allowance for doubtful accounts - fraud	-	-	(1,309)	-	-	-	-	-	-	(1,309)
129	Accrued interest receivable	1,457	-	3,670	-	-	-	-	-	-	5,127
120	Total receivables, net of allowances for doubtful accounts	59,650	-	38,427	7,581	600	-	-	14,495	-	120,753
131	Investments - unrestricted	338,662	-	281,562	-	-	-	-	-	-	620,224
142	Prepaid expenses	14,523	-	272	-	-	-	-	-	-	14,795
144	Interprogram due from	253,086	-	-	-	-	-	-	-	(253,086)	-
145	Assets held for sale	-	-	-	-	144,336	-	-	-	-	144,336
150	Total current assets	772,492	-	421,221	7,581	144,936	-	47,539	339,224	(253,086)	1,479,907
161	Land	823,786	-	-	-	-	-	19,664	-	-	843,450
162	Buildings	8,949,861	-	-	-	-	-	313,460	-	-	9,263,321
163	Furniture, equipment and machinery-dwellings	40,753	-	-	-	-	-	14,520	-	-	55,273
164	Furniture, equipment and machinery - administration	241,977	-	45,083	-	-	-	1,144	8,796	-	297,000
165	Leasehold improvements	16,717	-	-	-	-	-	11,100	-	-	27,817
166	Accumulated depreciation	(5,018,280)	-	(31,682)	-	-	-	(110,642)	(1,044)	-	(5,161,648)
167	Construction in progress	41,674	-	-	-	-	-	-	-	-	41,674
160	Total fixed assets, net of accumulated depreciation	5,096,488	-	13,401	-	-	-	249,246	7,752	-	5,366,887
171	Notes receivable - noncurrent	-	-	-	-	108,150	-	-	-	-	108,150
176	Investments in joint ventures	-	-	-	-	-	-	-	70,050	-	70,050
180	Total non-current assets	5,096,488	-	13,401	-	108,150	-	249,246	77,802	-	5,545,087
190	Total assets	5,868,980	-	434,622	7,581	253,086	-	296,785	417,026	(253,086)	7,024,994
312	Accounts payable <=90 days	80,046	-	42,014	7,581	-	-	826	100	-	130,567
325	Accrued interest receivable	-	-	-	-	-	-	16	-	-	16
333	Accounts payable - other government	24,305	-	-	-	-	-	-	-	-	24,305
341	Tenant security deposits	38,427	-	-	-	-	-	2,437	-	-	40,864
342	Deferred revenues	11,408	-	-	-	-	-	273	-	-	11,681
343	Current portion of a long-term debt - capital projects/mortgage revenue bonds	-	-	-	-	-	-	2,453	-	-	2,453
345	Other current liabilities	14,878	-	38,982	-	-	-	-	-	-	53,860
347	Interprogram due to	-	-	-	-	253,086	-	-	-	(253,086)	-
310	Total current liabilities	169,064	-	80,996	7,581	253,086	-	6,005	100	(253,086)	263,746
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	-	-	-	-	-	286,969	-	-	286,969
350	Total noncurrent liabilities	-	-	-	-	-	-	286,969	-	-	286,969
300	Total liabilities	169,064	-	80,996	7,581	253,086	-	292,974	100	(253,086)	550,715

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
FINANCIAL DATA SCHEDULE - CONTINUED  
June 30, 2009

Line Item Number	Account Description	Low- Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Section 8 Housing Choice Vouchers 14.871	Resident Opportunity & Supportive Services 14.870	Business Activities	HOME Investment Partnerships Program	Rural Rental Housing Loans 10.415	Component Unit	Elim- inations	Total
508.1	Invested in capital assets, net of related debt	5,096,488	-	13,401	-	-	-	(40,176)	7,752	-	5,077,465
511.1	Restricted	-	-	14,662	-	-	-	-	-	-	14,662
512.1	Unrestricted net assets	603,428	-	325,563	-	-	-	43,987	409,174	-	1,382,152
513	Total equity/net assets	5,699,916	-	353,626	-	-	-	3,811	416,926	-	6,474,279
600	Total liabilities and equity/net assets	5,868,980	-	434,622	7,581	253,086	-	296,785	417,026	(253,086)	7,024,994
70300	Net tenant rental revenue	335,465	-	-	-	-	-	24,566	-	-	360,031
70400	Tenant revenue - other	5,780	-	-	-	-	-	991	-	-	6,771
70500	Total tenant revenue	341,245	-	-	-	-	-	25,557	-	-	366,802
70600	HUD PHA operating grants	355,975	10,235	3,657,492	131,792	-	11,000	-	-	-	4,166,494
70610	Capital grants	-	141,331	-	-	-	-	-	-	-	141,331
70800	Other government grants	-	-	-	-	-	-	18,947	-	-	18,947
71100	Investment income - unrestricted	11,280	-	8,158	-	150	-	64	5,931	-	25,583
71300	Proceeds from disposition of assets held for sale	-	-	-	-	109,000	-	-	-	-	109,000
71310	Cost of sale of assets	-	-	-	-	(101,211)	-	-	-	-	(101,211)
71400	Fraud recovery	-	-	2,340	-	-	-	-	-	-	2,340
71500	Other revenue	3,839	-	15,415	-	-	-	-	28,203	-	47,457
71600	Gain or loss on sale of capital assets	1,964	-	-	-	-	-	-	-	-	1,964
72000	Investment income - restricted	-	-	417	-	-	-	126	-	-	543
70000	Total revenue	714,303	151,566	3,683,822	131,792	7,939	11,000	44,694	34,134	-	4,779,250
91100	Administrative salaries	187,956	-	465,707	-	-	-	882	-	-	654,545
91200	Auditing fees	2,988	-	2,988	-	-	-	-	-	-	5,976
91400	Advertising and marketing	9,691	-	417	-	-	-	743	-	-	10,851
91600	Office expenses	6,961	-	8,505	-	-	-	111	-	-	15,577
91700	Legal	-	-	646	-	-	-	-	-	-	646
91800	Travel	17,353	-	1,022	-	-	-	-	-	-	18,375
91900	Other	109,958	-	122,687	131,792	-	-	1,009	10,383	-	375,829
91000	Total operating - administration	334,907	-	601,972	131,792	-	-	2,745	10,383	-	1,081,799
92400	Tenant services - other	3,587	-	-	-	-	-	-	-	-	3,587
93100	Water	15,622	-	-	-	-	-	990	-	-	16,612
93200	Electricity	14,314	-	-	-	-	-	3,287	-	-	17,601
93300	Gas	41,118	-	-	-	-	-	-	-	-	41,118
93600	Sewer	21,703	-	-	-	-	-	1,795	-	-	23,498
93000	Total utilities	92,757	-	-	-	-	-	6,072	-	-	98,829
94100	Ordinary maintenance & operations - labor	232,273	-	-	-	-	-	-	-	-	232,273
94200	Ordinary maintenance & operations - materials and others	38,360	-	-	-	-	-	380	-	-	38,740
94300-01	Garbage and trash removal contracts	15,199	-	-	-	-	-	986	-	-	16,185
94300-03	Snow removal contracts	27,173	-	-	-	-	-	6,565	-	-	33,738
94300-04	Elevator maintenance contracts	2,470	-	-	-	-	-	-	-	-	2,470
94300-05	Landscape & grounds contracts	-	-	-	-	-	-	1,337	-	-	1,337
94300-06	Unit turnaround contracts	-	-	-	-	-	-	-	-	-	-
94300-08	Plumbing contracts	850	-	-	-	-	-	-	-	-	850

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
FINANCIAL DATA SCHEDULE - CONTINUED  
June 30, 2009

Line Item Number	Account Description	Low- Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Section 8 Housing Choice Vouchers 14.871	Resident Opportunity & Supportive Services 14.870	Business Activities	HOME Investment Partnerships Program	Rural Rental Housing Loans 10.415	Component Unit	Elim- inations	Total
94300-09	Extermination contracts	-	-	-	-	-	-	531	-	-	531
94300-12	Miscellaneous contracts	17,403	-	7,067	-	-	-	1,293	-	-	25,763
94300	Total ordinary maintenance & operations - contract costs	63,095	-	7,067	-	-	-	10,712	-	-	80,874
94000	Total maintenance	333,728	-	7,067	-	-	-	11,092	-	-	351,887
96100	Insurance premiums	27,243	-	532	-	-	-	1,353	-	-	29,128
96200	Other general expenses	-	-	2,449	-	-	-	-	-	-	2,449
96300	Payments in lieu of taxes	24,305	-	-	-	-	-	-	-	-	24,305
96400	Bad debt - tenant rents	605	-	-	-	-	-	-	-	-	605
96700	Interest expense	-	-	-	-	-	-	20,671	-	-	20,671
96900	Total operating expenses	817,132	-	612,020	131,792	-	-	41,933	10,383	-	1,613,260
97000	Excess operating revenue over operating expenses	(102,829)	151,566	3,071,802	-	7,939	11,000	2,761	23,751	-	3,165,990
97300	Housing assistance payments	-	-	3,209,430	-	-	-	-	-	-	3,209,430
97400	Depreciation expense	326,578	6,765	6,699	-	-	-	6,922	1,044	-	348,008
90000	Total expenses	1,143,710	6,765	3,828,149	131,792	-	-	48,855	11,427	-	5,170,698
10010	Operating transfers in	29,174	-	-	-	11,000	-	-	-	-	40,174
10020	Operating transfers out	-	(10,235)	-	-	(18,939)	(11,000)	-	-	-	(40,174)
10100	Total other financing sources (uses)	29,174	(10,235)	-	-	(7,939)	(11,000)	-	-	-	-
10000	Excess (deficiency) of operating revenue over (under) expenses	(400,233)	134,566	(144,327)	-	-	-	(4,161)	22,707	-	(391,448)
11030	Beginning equity	5,933,342	32,241	497,953	-	-	-	7,972	394,219	-	6,865,727
11040	Equity transfers	166,807	(166,807)	-	-	-	-	-	-	-	-
11190	Unit months available	1,968	-	10,579	-	-	-	120	672	-	13,339
11210	Number of unit months leased	1,937	-	10,554	-	-	-	120	671	-	13,282
11170	Administrative fee equity	-	-	338,964	-	-	-	-	-	-	338,964
11180	Housing assistance payments equity	-	-	14,662	-	-	-	-	-	-	14,662



**OTHER REPORTS**

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***Your Business Safety Net***

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the financial statements of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa as of and for the year ended June 30, 2009 and have issued our report thereon dated October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Authority's management, and the board of commissioners and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

*Tostrud + Temp, S.L.*

October 16, 2009

**TOSTRUD**  
&

**TEMP, S.C.**

Certified Public Accountants

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La Crosse, WI 54601  
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***Your Business Safety Net***

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

**Compliance**

We have audited the compliance of the Eastern Iowa Regional Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2009. The Authority's major federal program is identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

## Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing board, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Toasted & Temp, S.C.*

October 16, 2009

Eastern Iowa Regional Housing Authority  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Significant deficiency(ies) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements? ☐ yes ☒ no

Federal Awards

Internal control over financial reporting:

Significant deficiency(ies) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)? ☐ yes ☒ no

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

NONE

Section III - Federal Findings and Questioned Costs

NONE

Status of Prior Audit Findings

There were no prior year audit findings.